



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

Investor Bulletin

Savings and Investing Basics for Military Personnel

The SEC's Office of Investor Education and Advocacy is issuing this Investor Bulletin to help military personnel make informed savings and investing decisions and avoid common scams. Here are ten suggestions that can help you understand the basics and protect your hard-earned money.

1. Pay Off High-Interest Debt. Few investments pay as well as paying off high-interest debt on credit cards or other loans. You should also take steps to improve your credit score, which can matter when applying for a new job or mortgage, or when renting an apartment. Learn more about how to maintain a good credit score at the Consumer Financial Protection Bureau's (CFPB) website at [ConsumerFinance.gov](https://www.consumerfinance.gov).

2. Set Goals and Make a Plan. The best way to attain financial security is by saving and investing over a long period of time. Start today. You can use [Investor.gov's](https://www.investor.gov) Savings Goal Calculator to see how much you need to save each month to meet your goals.

3. Always Check Out a Financial Professional Before Investing. Many cases of investment fraud involve so-called financial "professionals" who are not properly registered. You can find out if a financial professional is registered by using the free database on [Investor.gov](https://www.investor.gov). And, if they are registered, you can also see if he or she has a disciplinary history or any customer complaints. If you have questions, call the SEC's toll-free investor assistance line at 800-732-0330.

4. Be On the Lookout for Fraud. Any offer or sale of securities must either be registered with the SEC or exempt from registration. *Otherwise, it is illegal.* While

many companies that do not register or file reports with the SEC may be exempt from registration, you assume more risk when you invest in a company about which little or no information is publicly available. You should always check whether an offering is registered with the SEC by using the SEC's EDGAR database, or by contacting the SEC's toll-free investor assistance line at 800-732-0330.

Be Alert to Affinity Fraud. Affinity frauds target members of groups, such as older investors or religious or ethnic communities. The SEC has brought several cases where fraud scams targeted military members and their families—and sometimes the scam artists even served in the military. The lesson from these cases is that even if you know the person making the investment offer, be sure to check out both the investment and the investment professional's background—no matter how trustworthy the person seems.

5. Be Wary of an Investment that Sounds Too Good to be True. Claims that an investment is a "can't miss" opportunity or promises "guaranteed" returns are classic warning signs of fraud. Be alert to any promise of high returns with little or no risk. And never invest before you have a chance to think about it and do research. No legitimate investment requires a rash decision.

6. Take Advantage of the Thrift Savings Plan (TSP).

The TSP is the federal government's version of a 401(k) and one of your best options for retirement savings. Contributions can be automatically deducted from your pay and provide tax advantages either today (traditional) or in the future (Roth). TSP offers fees that are much lower than even the average index fund. The TSP website ([TSP.gov](https://www.tsp.gov)) explains the benefits available to the military. You can sign up for TSP using MyPay ([MyPay.DFAS.mil](https://mypay.dfas.mil)).

7. Don't Ignore Fees.

All investments have fees, and they vary from product to product and from firm to firm. Even small differences in these costs can have a significant impact on earnings over time.

8. Diversification is Important.

By picking a mix of investments, you may be able to limit your losses and reduce the ups and downs of your returns without sacrificing much in potential gains. Mutual funds, ETFs, and lifecycle funds can help you diversify since these are investments that typically pool money from many investors and then invest the money in stocks, bonds, other securities or assets, or some combination of these investments.

9. Contact Us If You Have Questions.

If you have questions about investing, or about how to check the license or registration status of an individual or firm, call the SEC's investor assistance line at 800-732-0330 (dial 1-202-551-6551 if calling from outside of the

United States) or email Help@SEC.gov. You can also report a problem concerning your investments or report possible securities fraud to the SEC through [Investor.gov](https://www.investor.gov).

10. Use These Free Resources.

The SEC and others have free publications and tools that can help you:

- Investor.gov publication: Saving and Investing: A Roadmap to Your Financial Security Through Saving and Investing (available in Spanish)
- Investor.gov publication: Ask Questions: Questions You Should Ask About Your Investments (available in Spanish)
- Military OneSource: [MilitaryOneSource.mil](https://www.militaryonesource.mil)
- Department of Defense (DoD) BRS Page: [MilitaryPay.Defense.gov/BlendedRetirement](https://militarypay.defense.gov/BlendedRetirement)
- FINRA's website for military: [SaveAndInvest.org/Military](https://www.saveandinvest.org/military)
- CFPB's website for military: [ConsumerFinance.gov/Servicemembers](https://www.consumerfinance.gov/servicemembers)
- Federal Trade Commission's website for military: [Military.Consumer.gov](https://www.military.consumer.gov)
- Military Saves: [MilitarySaves.org](https://www.militarysaves.org)
- Thrift Savings Plan: [TSP.gov](https://www.tsp.gov)

Also, the SEC participates in the DoD's Financial Readiness Campaign and regularly conducts investor education briefings on investing and avoiding fraud at military bases. If you are interested, contact Outreach@SEC.gov.

Learn more about the Blended Retirement System

The Blended Retirement System (BRS) will go into effect for those joining the military after 1 January 2018 and those who opt into the new system. Generally, the BRS lowers the amount of the retirement annuity you can get after 20 years from the existing retirement plan, but adds up to a 5% match for TSP contributions and a continuation pay bonus of at least 2.5 times base pay at the mid-career point in exchange for additional service.

If you take advantage of the BRS, consider maximizing the employer match for TSP by contributing at least 5% of your pay to TSP. That's free money! For more information on BRS, talk to your base's financial manager/specialist, and/or visit one of the following web pages: [MilitaryOneSource.mil](https://www.militaryonesource.mil) or [MilitaryPay.Defense.gov/BlendedRetirement](https://militarypay.defense.gov/BlendedRetirement).

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